

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01 AGR-05

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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 4970

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BELGRADE

USMISSION EC BRUSSELS UNN

C O N F I D E N T I A L LUXEMBOURG 0198

E.O. 11652: GDS

TAGS: EEC, LU, YO

SUBJ: YUGOSLAV PRIME MINISTER'S VISIT TO LUXEMBOURG

SUMMARY: YUGOSLAV PREMIER BIJEDIC WOUND UP SWING THROUGH FRANCE AND BELGIUM WITH A ONE AND A HALF DAY VISIT TO LUXEMBOURG FEBRUARY 20 AND 21. MAIN PURPOSE OF VISIT HERE AS ELSEWHERE WAS TO DISCUSS YUGOSLAV TRADE PROBLEMS WITH THE EEC. LUXEMBOURG OFFICIAL WHO PARTICIPATED IN MEETINGS DESCRIBED THE VISIT AS MAINLY POLITICAL, APPARENTLY DESIGNED TO UNDERSCORE THE IMPORTANCE YUGOSLAVIA ATTACHES TO ITS EEC CONNECTION, RATHER THAN A REAL EFFORT TO NEGOTIATE ON TRADE AND FINANCIAL

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ISSUES. IN ADDITION TO EEC RELATIONS, BIJEDIC'S CONVERSATIONS

WITH PRIME MINISTER THORN TOUCHED ON DETENTE AND TITO'S SUCCESSION. END SUMMARY.

1. THORN'S EXECUTIVE ASSISTANT, PAUL HELMINGER, PARTICIPATED IN ALL THE MEETINGS WITH BIJEDIC AND GAVE DCM A RUN-DOWN ON THE VISIT. HELMINGER SAID THE ATMOSPHERE OF THE MEETINGS AND OFFICIAL LUNCHEON WAS LISTLESS AND THE CONVERSATION SOMEWHAT DESULTORY, PERHAPS BECAUSE LUXEMBOURG WAS THE TAIL END OF BIJEDIC'S EUROPEAN SWING. HELMINGER ADDED THAT THE YUGOSLAV DELEGATION SEEMED PREPARED TO DISCUSS ISSUES ONLY IN GENERAL TERMS AND WERE VAGUE AND IMPRECISE ABOUT HOW THEY HOPED THE EEC WOULD ALLEVIATE TRADE PROBLEMS OR IMPROVE EEC-YUGOSLAV COOPERATION.

2. ACCORDING TO HELMINGER, THORN WAS SYMPATHETIC TO THE YUGOSLAV TRADE PROBLEM. HE RECOGNIZES THAT A \$2.3 BILLION TRADE DEFICIT WITH THE EEC IS UNHEALTHY FOR BOTH ECONOMIC AND POLITICAL REASONS. BUT IN RESPONSE TO THORN'S REQUEST FOR SPECIFIC WAYS THE EEC COULD HELP, BIJEDIC SAID THE YUGOSLAWS WERE TOO PROUD TO COME HAT IN HAND WITH A SHOPPING LIST. HE SAID, HOWEVER, THAT FOR POLITICAL REASONS YUGOSLAVIA HOPES TO BALANCE ITS EEC DEFICIT THROUGH EEC TRADE AND AID RATHER THAN THROUGH INCREASED TRADE WITH COMECON, THE OPEC COUNTRIES OR THE U.S.

3. IN WHAT THE LUXEMBOURGERS TOOK TO BE A PROBE RATHER THAN A HARD PROPOSAL, BIJEDIC SUGGESTED IT MIGHT BE TIME FOR YUGOSLAVIA TO WORK OUT A COOPERATION AGREEMENT WITH THE EEC OR AT LEAST TO EXPAND THE CURRENT TRADE AGREEMENT. HELMINGER SPECULATED THAT IN THE PAST YUGOSLAVIA MAY HAVE HAD POLITICAL PROBLEMS WITH THE TERM "ASSOCIATION AGREEMENT" WHICH MAY NOT ATTACH TO "COOPERATION AGREEMENT." IN ANY CASE, BIJEDIC MADE IT CLEAR THAT HE WOULD LIKE TO EXPAND YUGOSLAV ECONOMIC TIES WITH THE COMMUNITY ALONG THE LINES OF THE RECENT COOPERATION AGREEMENTS WITH THE MAGHREB COUNTRIES.

4. ON SPECIFIC PROJECTS, BIJEDIC SAID HE WAS GRATEFUL
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FOR THE EEC COUNCIL DECISION ON YUGOSLAV ACCESS TO EUROPEAN INVESTMENT BANK FUNDS FOR INFRASTRUCTURE PROJECTS. IN THIS CONNECTION, BIJEDIC MENTIONED ONLY THE TRANS-YUGOSLAV HIGHWAY AND A NORTH-SOUTH PIPELINE PROJECT. HE GAVE THE IMPRESSION OF NOT FULLY UNDERSTANDING THE MECHANISMS OF THE EUROPEAN INVESTMENT BANK. HE ALSO SUGGESTED A YUGOSLAVIAN-EEC JOINT FINANCIAL VENTURE VIS-A-VIS OPEC COUNTRIES WITH A

VIEW TO FINANCING PROJECTS OF BENEFIT TO BOTH THE DEVELOPED AND DEVELOPING COUNTRIES, SUCH AS THE NORTH-SOUTH PIPELINE. THORN REGARDED THE DISCUSSION AS TOO GENERAL TO WARRANT SPECIFIC COMMITMENTS AND LIMITED HIS RESPONSES TO PROMISING THAT HE WOULD GIVE SERIOUS STUDY TO SPECIFIC PROJECTS WHEN THEY ARE PROPOSED.

5. ON OTHER ISSUES, HELMINGER REPORTS THAT BIJEDIC PROFESSED TO BE UPSET BY CURRENT BELGIAN AND FRENCH PRESS SPECULATION ABOUT THE POST-TITO ERA. HE MAINTAINED THAT YUGOSLAV POLITICAL INSTITUTIONS ARE SOLID AND PREDICTED A SMOOTH, TROUBLE-FREE TRANSITION THAT WILL SURPRISE THE WEST.

6. IN RESPONSE TO PRODDING FROM THORN ON THE NEED FOR IDEOLOGICAL DETENTE, BIJEDIC CALLED FOR WESTERN PATIENCE. HE ADMITTED THAT SOME SOVIET BLOC PRACTICES ARE RELICS OF THE COLD WAR, BUT CONTENDED THAT THE BLOC SOCIETIES ARE INCAPABLE OF ADJUSTING QUICKLY TO WESTERN CONCEPTS OF FREEDOM AND POLITICAL DIVERSITY. HOWEVER, SOCIALIST SOCIETIES ARE EVOLVING, HE CLAIMED, AND ADDED BY WAY OF AN EXAMPLE THAT WESTERN COMMUNIST PARTIES TODAY SHOW NO INCLINATION WHATEVER TO BECOME SOVIET SATELLITES: TO WHICH THORN REPLIED THAT IN THIS AREA TOO, MOVEMENT IN THE WEST SEEMS FASTER THAN IN THE EAST. FARKAS

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